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RUEAIIA/CIA WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 JEDDAH 000102

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SUBJECT: JEDDAH JOURNAL 4: PRESERVING THE ARAB FAMILY
BUSINESS, HAJJIS' TRAVEL WOES, CALLS FOR BOYCOTT GROWING,
AND THE OLD ORDER PASSES.

Classified By: Consul General Tatiana Gfoeller for reasons 1.4 (b)
and (d).

ARAB FAMILY BUSINESS MODEL: WILL PROGRESSIVE JEDDAH
MERCHANTS CHANGE THEIR PRACTICE?

1. (U) On January 23 at the French Consulate General, local consultant and business adviser to the elite, Mr. Zaher S. Al Munajjed, gave a lecture titled "Saudi Family Companies, challenges of the future," describing a theoretical model for the long term stability of a family business. Al Munajjed noted that a common strategy many, but not all, major Saudi family businesses adopt when the death of a business founder prompts a generational succession in the business hierarchy, is for the surviving male heirs forcibly to buy out female inheritants, even though this is contrary to Shari'a. It will be instructive to see if, in the future, this practice continues to dominate Jeddah family business behavior. Today, a significant portion of the women among the Jeddah elite families are highly educated and experienced and can not be dismissed as incapable of contributing to a business. Additionally, supporting women's progress has become a hallmark issue by which Jeddah has symbolically claimed to lead the country, in contrast to the more backwards segments of Saudi society. Consequently, it will be difficult for progressive young Jeddah tycoons to exclude sisters, wives and daughters from the family business.

WILL THE RICHEST ARAB FAMILY BUSINESS SURVIVE
"CONSTITUTIONAL" CONFLICT?

2. (C) Mr. Munajjed's model indicates that one key factor in preserving a family enterprise over many generations was development of a "constitution" which regulates management, participation, and succession. The willingness of all factions to accept the principles of this agreement is critical to the stability and survival of the enterprise. One member of the audience asked how this model would apply to the richest of all Arab family enterprises--Kuwait. Munajjed agreed that Kuwait faces a test, since two principles of the constitution are in conflict: the principle of succession and the principle of fitness for management. The question within the Al-Sabah family is will the faction that ascended to the emir's position in accordance with the established principle of succession also accept the almost immediate removal of their candidate in conformance with the principle of fitness or will the family consensus underlying the Kuwaiti Constitution fracture?

AMERICAN MUSLIMS DISSATISFIED WITH TRAVEL AGENCY

13. (U) In late January, the Consulate General received a letter signed by 38 American Muslims who had come on pilgrimage to Saudi Arabia as "5-star" clients of an Islamic Hajj Association of North America (IHNA) tour, complaining that the accommodations and service provided by that agency were well below what was advertised. The letter asked Saudi and US authorities to revoke the license of IHNA to provide Hajj travel in the future.

HAJJ TOURS ARE A MAJOR INDUSTRY

14. (C) This complaint demonstrates that even the relatively small American Hajj tour market can involve significant sums and attract incompetent and/or unscrupulous service providers. For their pilgrimage, the 38 signatories each paid \$3,850 plus an additional, unadvertised, last-minute fee increase of \$625, representing a collective outlay of over \$150,000. Additionally, the letter alluded to similar displeasure among other, less exalted, travelers among the 100 people on the tour conducted by IHNA. This one small concern, in the course of a few weeks operation involved one hundred U.S. residents investing \$250,000 to \$300,000 for a once-in-a-lifetime event, with a disappointing outcome.

SAUDI BOYCOTT OF DANES SPREADING

15. (U) The Jeddah Political Assistant reports that the boycott against Denmark in response to a Danish newspaper publishing offensive cartoons depicting the Prophet is spreading quickly. It is becoming a national campaign. Tens of text messages are received on cell phones every day

JEDDAH 00000102 002 OF 002

supporting the boycott. Al Sahat (Note: Al Sahat is an Abu Dhabi-based, but Saudi-financed web site where Arabic speakers may comment on issues of importance to them. End Note.) has been promoting the campaign for several weeks. It has reached the point where people are blindly advocating a boycott of anyone or anything remotely connected to Denmark. On January 28, two participants on Al Sahat advocated banning the Danish speaker at the upcoming Jeddah Economic Forum 06(JEF). Others have appealed to Walid Juffali, a prominent businessman and Honorary Consul of Denmark in Jeddah, to address this issue on his weekly television program, the Arabic version of the Apprentice. On the 29th, a series of text messages called for a boycott of JEF for hosting "Danish" businessman Enan Al Galaly. Galaly is an Egyptian-born Muslim who was granted honorary (?) Danish citizenship for his contributions to the Danish tourist industry.

SOME INSIST THAT U.S. SHOULD BE BOYCOTTED FOR KILLING MUSLIMS

16. (U) The enthusiasm for boycotts is spreading to other issues in Saudi Arabia. On January 30, a respondent on Al Sahat insisted a "boycott (of) US products is more essential than boycotting Danish products." The writer suggested that the Muslim public should consider "whether or not killing Muslims is more sinful than drawing anti Islam sarcastic cartoons."

17. (C) COMMENT: In the furor inspired by the Danish cartoons, none in the Islamic world seem to have expressed concern that in the non-Islamic world, Muslims are now identified in the public's mind as terrorists, and that the Muslim reaction to the cartoons is far more wide-spread and intense than has been the Muslim reaction against the terrorists who have killed and maimed thousands of Muslims and non-Muslims alike. As a coda, news reports state that on January 31, the offices of the offending Danish newspaper were evacuated due to a bomb threat. END COMMENT

PASSING OF AN ERA

18. ((U) Following the passing of King Fahd last August, most government offices and many private establishments, including hotels, banks, and malls, kept portraits of the late King hanging on their walls. The portraits of the late King were usually displayed alongside images of King Abdullah and either King Abdulaziz, the founder of modern Saudi Arabia, or Crown Prince Sultan. Consulate contacts told Poloff the portraits of the late King would probably come down with the beginning of the Islamic New Year in order to provide an appropriate time of respect for King Fahd.

19. (U) With the recent coming of the Islamic New Year, 1427, King Fahd's portraits are beginning to come down in Jeddah. At the Intercontinental Hotel in Jeddah, workers have replaced a portrait of the late King which hung prominently in the lobby, and which featured a golden band across the top right side out of respect for the King's memory. A portrait of King Abdullah hangs in its place. A worker at the hotel told Poloff on February 1 the image of King Fahd was removed at the Islamic New Year. Some Consulate contacts have told Poloff that some establishments will keep portraits of King Fahd displayed on their walls until the one year anniversary of his death. However, other establishments in Jeddah are now displaying a combination of the portraits, generally featuring King Abdullah in the center, flanked by his father King Abdulaziz and his half brother Crown Prince Sultan.
Gfoeller